

## Message Text

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ORIGIN EB-07

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 IO-13 ISO-00

L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06 AGR-05 AID-05

CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01

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APPROVED BY EB:JAGREENWALD

IO:PWYMAN EUR/RPE:EJCASEY

EB/ICD:EAWENDT EB/ITP:JSLATTERY

COMMERCE:FSIESSEGER

TREAS:HGALE

EA:AGEBER AGRIC:JAHALLQUIST

ARA:ABERRY

AF/EPS:LFWHITE

NEA:RPRICKETT

----- 074660

R 210008Z AUG 76

FM SECSTATE WASHDC

TO ALL OECD CAPITALS

USMISSION GENEVA

USMISSION EC BRUSSELS

AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMEMBASSY ALGIERS

AMEMBASSY ANKARA

AMEMBASSY BANGKOK

AMEMBASSY BELGRADE

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY DAR ES SALAAM

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AMEMBASSY ISLAMABAD

AMEMBASSY JAKARTA

AMEMBASSY KINGSTON

AMEMBASSY KINSHASA  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY LAGOS  
AMEMBASSY LA PAZ  
AMEMBASSY LIMA  
AMEMBASSY LUSAKA  
AMEMBASSY MADRID  
AMEMBASSY MANILA  
AMEMBASSY MEXICO  
AMEMBASSY NAIROBI  
AMEMBASSY NEW DELHI  
AMEMBASSY PANAMA  
AMEMBASSY QUITO  
AMEMBASSY RABAT  
AMEMBASSY SAN JOSE  
AMEMBASSY SANTIAGO  
AMEMBASSY TEL AVIV  
USMISSION USUN NY  
AMEMBASSY YAOUNDE

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E.O. 11652: N/A

TAGS: EFIN, UNCTAD

SUBJECT: UNCTAD COMMODITY CONSULTATIONS: U.S. VIEWS ON  
ROLE OF UNCTAD SECRETARIAT

1. ISSUE: IN ACCORDANCE WITH THE COMMODITIES RESOLUTION  
ADOPTED BY CONSENSUS AT UNCTAD IV IN NAIROBI, THE UNCTAD  
SECRETARIAT IS ORGANIZING CONSULTATIONS ON THE EIGHTEEN  
INDIVIDUAL COMMODITIES SPECIFIED IN THE RESOLUTION.  
ALTHOUGH THE COMMODITIES RESOLUTION CLEARLY GIVES PRIMARY  
RESPONSIBILITY FOR CONVENING THESE MEETINGS TO UNCTAD, WE  
WANT TO TRY TO ASSURE THAT THEY TAKE PLACE IN A PRAGMATIC,  
WORKMANLIKE MANNER AND LIMIT THE DEGREE TO WHICH THEY ARE  
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POLITICIZED. SPECIFICALLY, WE SEEK TO:

-- UTILIZE TO THE EXTENT POSSIBLE EXISTING COMMODITY  
GROUPS, WHERE LDC MEMBERS GENERALLY TAKE A MORE PRAGMATIC  
APPROACH THAN IN THE POLITICIZED G-77 SETTING OF GENEVA.

-- LIMIT TO THE EXTENT POSSIBLE EFFECTIVE PARTICIPATION IN  
THE CONSULTATIONS TO MAJOR PRODUCERS AND CONSUMERS OF A  
GIVEN COMMODITY.

-- PUSH FOR THE EARLY ESTABLISHMENT OF THE AD HOC INTER-  
GOVERNMENTAL COORDINATING GROUP CALLED FOR IN THE NAIROBI

RESOLUTION.

2. BACKGROUND FYI: SECTION IV OF THE NAIROBI RESOLUTION CALLS ON THE UNCTAD SYG "...TO CONVENE, IN CONSULTATION WITH INTERNATIONAL ORGANIZATIONS CONCERNED, PREPARATORY MEETINGS ON INDIVIDUAL COMMODITIES..." SYG COREA HAS BEGUN TO ELABORATE A TENTATIVE SCHEDULE OF MEETINGS OVER THE NEXT SEVERAL MONTHS. HIS INTEREST IS CLEARLY TO MAXIMIZE THE SECRETARIAT'S ROLE IN THE COMMODITY CONSULTATIONS AND ANY SUBSEQUENT NEGOTIATIONS, AND TO THIS END, HE HAS ALREADY SCHEDULED MEETINGS ON COPPER, JUTE, HARD FIBERS, AND RUBBER.

3. THE NAIROBI RESOLUTION INSTRUCTS THE TRADE AND DEVELOPMENT BOARD (TDB) TO ESTABLISH A COMMITTEE QUOTE TO COORDINATE THE PREPARATORY WORK AND THE NEGOTIATIONS, TO DEAL WITH MAJOR POLICY ISSUES THAT MAY ARISE, INCLUDING COMMODITY COVERAGE, AND TO COORDINATE THE IMPLEMENTATION OF MEASURES UNDER THE INTEGRATED PROGRAM. END QUOTE. UNDER COREA'S PROPOSED SCHEDULE THE COMMITTEE WILL NOT BE ESTABLISHED BY THE TDB UNTIL OCTOBER AND WILL NOT MEET UNTIL NOVEMBER, AFTER THERE HAVE ALREADY BEEN CONSULTATIONS ON COPPER AND JUTE.

4. SIMILARLY, THE SYG IS APPARENTLY TRYING TO MINIMIZE THE ROLE OF EXISTING COMMODITY GROUPS. OUR UNDERSTANDING THAT EXISTING COMMODITY BODIES WOULD BE UTILIZED FOR THE CONSULTATIONS, AS EXPRESSED IN OUR STATEMENT OF RESERVATIONS AT THE FINAL PLENARY SESSION OF UNCTAD IV, HAS BEEN SPECIFICALLY DISMISSED BY THE UNCTAD SECRETARIAT. COREA HAS ALSO SAID THAT THE TERMS OF REFERENCE OF EXISTING QUOTE STUDY GROUPS LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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END QUOTE (INCLUDING THE FAO GROUPS) RULE THEM OUT AS FORUMS FOR THE TYPE OF WORK CALLED FOR UNDER THE NAIROBI RESOLUTION. ALL MEETINGS UNDER THE UNCTAD RESOLUTION, COREA HAS CLAIMED, MUST TAKE PLACE IN GENEVA.

5. IN ADDITION, WE UNDERSTAND THAT THE SYG INTENDS TO INVITE ALL UNCTAD MEMBERS TO PARTICIPATE IN THE CONSULTATIONS ON THE GROUNDS THAT IT IS NOT PRACTICAL TO TRY TO RESTRICT THE MEETINGS BY TRYING TO DETERMINE IN ADVANCE WHICH COUNTRIES HAVE A LEGITIMATE INTEREST IN A COMMODITY AND WHICH DO NOT. AT THE SAME TIME, COREA HAS ANNOUNCED PLANS TO INCREASE SIGNIFICANTLY THE SECRETARIAT STAFF, HIRING BOTH EXPERTS ON INDIVIDUAL COMMODITIES AND PERSONS QUOTE OF A DIPLOMATIC CHARACTER END QUOTE WHO CAN WORK WITH INDIVIDUAL GOVERNMENTS.

6. U.S. VIEWS: IN FORMULATING A POSITION ON THE ROLE OF EXISTING GROUPS, WE SHOULD DIFFERENTIATE AMONG THE EIGHTEEN COMMODITIES ON THE UNCTAD LIST.

7. EXISTING COMMODITY AGREEMENTS: AGREEMENTS EXIST FOR COFFEE, TIN, COCOA, AND SUGAR. IN THE CASE OF EXISTING AGREEMENTS, THE NAIROBI COMMODITIES RESOLUTION SPECIFICALLY RESERVES THE DECISION ON THE APPLICATION OF ANY OF THE MEASURES OF THE INTEGRATED PROGRAM TO THE GOVERNMENTS IN THOSE ORGANIZATIONS. THUS, WE SHOULD TAKE THE POSITION THAT THERE IS NO NEED FOR ANY UNCTAD CONSULTATIONS ON THESE COMMODITIES. (COREA HAS TENTATIVELY INDICATED HE WOULD GO ALONG WITH THIS).

8. NO EXISTING COMMODITY AGREEMENT, ORGANIZATION, OR FORUM: THERE ARE FOUR COMMODITIES IN THIS CATEGORY; BAUXITE, IRON ORE, AND MANGANESE. BAUXITE AND IRON ORE HAVE PRODUCER-ONLY ASSOCIATIONS. WE COULD AGREE THAT CONSULTATIONS ON COMMODITIES IN THIS CATEGORY TAKE PLACE IN GENEVA UNDER UNCTAD AUSPICES.

9. EXISTING COMMODITY ORGANIZATIONS AND FORUMS: HERE WE DISTINGUISH TWO SUB-CATEGORIES: INDEPENDENT FORUMS AND FORUMS UNDER FAO AUSPICES. THERE ARE TWO INDEPENDENT FORUMS, COTTON AND RUBBER. THERE ARE EIGHT RELEVANT FAO INTER-LIMITED OFFICIAL USE  
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GOVERNMENTAL GROUPS: BANANAS, HARD FIBERS, JUTE, TEA, VEGETABLE OILS, TIMBER, PHOSPHATES (FERTILIZERS) AND MEAT. THERE IS ALSO A GATT MEAT WORKING GROUP. COPPER IS A SPECIAL CASE. A PREPARATORY PRODUCER/CONSUMER MEETING ON COPPER--CONVENED AND SPONSORED BY UNCTAD--TOOK PLACE IN MARCH UNDER DIFFERENT TERMS OF REFERENCE THAN THOSE IN THE UNCTAD COMMODITIES RESOLUTION. IN THE ABSENCE OF THE COMMODITIES RESOLUTION THE DISCUSSIONS WOULD PROBABLY HAVE LED IN DUE COURSE TO THE ESTABLISHMENT OF A PERMANENT PRODUCER/CONSUMER FORUM FOR COPPER. WHETHER THE DISCUSSIONS WILL CONTINUE UNDER THE TERMS OF REFERENCE ESTABLISHED IN MARCH, OR UNDER THE NEW TERMS OF REFERENCE SET FORTH AT NAIROBI, WILL PROBABLY BE DECIDED AT UPCOMING COPPER CONSULTATIONS IN LATE SEPT. WE SHOULD PRESS FOR CONTINUING THE COPPER DISCUSSIONS IN SEPT UNDER THE MORE FLEXIBLE MARCH TERMS OF REFERENCE.

10. WE SHOULD MAKE A STRONG CASE THAT THESE GROUPS BE THE ACTUAL FORUMS FOR THE UNCTAD CONSULTATIONS, POINTING OUT THAT THEIR MEMBERSHIP IS MADE UP OF THE COUNTRIES MOST DIRECTLY CONCERNED, AND THAT THEIR SECRETARIATS ARE THE PRINCIPAL REPOSITORIES OF EXPERTISE AND DATA.

11. ESTABLISHMENT OF AD HOC COMMITTEE: UNDER THE SYG'S CURRENT TIMETABLE THE AD HOC COMMITTEE WOULD NOT MEET UNTIL MID-NOVEMBER--TOO LATE TO BE ABLE TO INFLUENCE HOW THE COMMODITY CONSULTATIONS ARE ORGANIZED. WE SHOULD NOT BE SANGUINE ABOUT THE ATTITUDES OF PARTICIPANTS IN THE AD HOC

COMMITTEE ON KEY PROCEDURAL AND POLICY QUESTIONS. BUT AT LEAST WE AND OTHER DC'S WOULD HAVE AN OPPORTUNITY IN THIS BODY TO MAKE OUR POINTS DIRECTLY AND WOULD PROBABLY HAVE MORE INFLUENCE OVER ITS DECISIONS THAN OVER THOSE OF THE UNCTAD SECRETARIAT. THEREFORE, THE ESTABLISHMENT OF THE COMMITTEE SHOULD BE A PRIORITY MATTER -- WITH ITS FIRST MEETING SCHEDULED FOR OCTOBER IMMEDIATELY FOLLOWING THE MEETING OF THE TDB. WE WILL MAKE THIS PROPOSAL TO THE SYG, TOGETHER WITH A REQUEST THAT HE NOT FIX A SCHEDULE FOR COMMODITY MEETINGS UNTIL THAT COMMITTEE IS ESTABLISHED AND CAN REVIEW HIS PROPOSALS.

12. PARTICIPATION IN COMMODITY CONSULTATIONS: RECENT LIMITED OFFICIAL USE  
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MESSAGES INDICATE THAT THE UNCTAD SECRETARIAT ENVISIONS THAT THE MEETINGS WILL BE OPEN TO THE FULL UNCTAD MEMBERSHIP. WE BELIEVE SUCH AN APPROACH WOULD NOT BE CONDUCTIVE TO PRAGMATIC OBJECTIVE DISCUSSIONS FOCUSED ON THE REAL PROBLEMS IN EACH COMMODITY. RECOGNIZING THAT IT MAY NOT BE POSSIBLE TO ESTABLISH ACROSS-THE-BOARD CRITERIA FOR RESTRICTING INVITATIONS TO THE PRELIMINARY MEETINGS, WE SHOULD NONETHELESS TAKE A FIRM POSITION THAT, IF THE CONSULTATIONS ARE TO BE EFFECTIVE, THEIR SUBSTANTIVE WORK MUST BE LIMITED TO COUNTRIES WITH A CLEARLY DISCERNIBLE DIRECT INTEREST, I.E., PRODUCERS AND CONSUMERS. IN PAST UNCTAD-SPONSORED CONSULTATIONS OR NEGOTIATIONS, FOR EXAMPLE COCOA, MANY COUNTRIES SHOWED UP AT THE OUTSET, BUT THE ESSENTIAL WORK WAS PERFORMED BY THE PRINCIPAL PRODUCERS AND CONSUMERS IN SMALL GROUPS. IT IS ESSENTIAL THAT WE ENSURE THAT AS A MINIMUM THERE BE NO BACK-TRACKING FROM THIS APPROACH. END BACK-GROUND FYI.

13. TO TRY TO MEET OUR OBJECTIVES OF ENSURING FULL AND ADEQUATE CONSIDERATION OF THE INTERESTS OF BOTH MEMBER COUNTRIES AND OF EXISTING COMMODITY GROUPS, WE ARE MAKING A DEMARCHE TO UNCTAD SECRETARY GENERAL COREA IN THE FORM OF A LETTER FROM DEPUTY ASSISTANT SECRETARY STEPHEN BOSWORTH THAT:

-- EXPRESSES OUR POSITION ON THE ROLE OF EXISTING GROUPS AS SET FORTH ABOVE, STRESSING THAT WE RECOGNIZE THAT THE CONSULTATIONS MUST PROCEED WITHIN THE CONTEXT OF THE UNCTAD COMMODITIES RESOLUTION BUT THAT WE BELIEVE FULL AND USEFUL UTILIZATION OF EXISTING GROUPS WILL CONTRIBUTE TO THE SUCCESS OF THE WORK.

-- PROPOSES THAT NO CONSULTATIONS ON INDIVIDUAL COMMODITIES BE SCHEDULED UNTIL THE AD HOC COMMITTEE HAS BEEN ESTABLISHED AND SUGGESTS THAT THIS COMMITTEE MEET IN OCTOBER IMMEDIATELY AFTER THE MEETING OF THE TDB.

-- ADVISES COREA OF OUR STRONG VIEW THAT THE SUBSTANTIVE  
WORK AT THE CONSULTATIONS SHOULD BE LIMITED TO COUNTRIES  
WITH A DIRECT INTEREST IN THE SPECIFIC COMMODITY.

14. ACTION REQUESTED: DRAWING ON THE ABOVE FOR BACKGROUND,  
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ACTION ADDRESSEES ARE REQUESTED TO PRESENT U.S. VIEWS ON  
UNCTAD'S ROLE IN COMMODITY CONSULTATIONS TO APPROPRIATE  
HOST COUNTRY AND INDIVIDUAL COMMODITY GROUP OFFICIALS. IN  
THIS PRESENTATION YOU SHOULD STRESS THE POINTS IN PARAGRAPH  
13.

15. FOR LONDON: PLEASE MAKE REPRESENTATIONS BASED ON THE  
FOREGOING TO THE INTERNATIONAL COFFEE ORGANIZATION, THE  
INTERNATIONAL COCOA ORGANIZATION, THE INTERNATIONAL RUBBER  
STUDY GROUP, THE INTERNATIONAL SUGAR ORGANIZATION, AND THE  
INTERNATIONAL TIN COUNCIL, IN ADDITION TO FCO.

16. FOR ROME: PLEASE MAKE THIS REPRESENTATION TO APPRO-  
PRIATE FAO AUTHORITIES OF INTERGOVERNMENTAL GROUPS ON  
BANANAS, MEAT, TEA, OILSEEDS, HARD FIBERS, JUTE, FERTILIZ-  
ERS, AND FORESTRY, IN ADDITION TO GOI.

17. FOR U.S. MISSION GENEVA: LETTER TO COREA WILL BE SENT  
SEPTTEL. TEXT OF OUR COREA LETTER WILL BE FORWARDED TO OTHER  
ADDRESSEES FOR INFORMATION AFTER IT IS DELIVERED TO HIM.  
HABIB

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## Message Attributes

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GENEVA  
EC BRUSSELS  
ABIDJAN  
ACCRA  
ALGIERS

ANKARA  
BANGKOK  
BELGRADE  
BOGOTA  
BRASILIA  
BUENOS AIRES  
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